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ADVANCED Management

JUNE 1960

IN THIS ISSUE

S. A. M. Executive Director Walter Mitchell Jr. introduces a unique concept in management education—the newly developed [redacted] Advanced Management Course [redacted]

Edward C. Schleh writes on "The Unfolding Management Perspective, in an international award winning treatise on corporate management.

An expert in the field of human resources, Eli Ginzberg, tells how the findings contained in his monumental work "The Ineffective Soldier" may aid in the choosing and retaining of managers.

Al N. Seares explores the "Consolidated Functions Concept", a means toward centralized control of decentralized operations

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ADVANCED MANAGEMENT, published monthly by the Society for the Advancement of Management, Inc., 74 Fifth Avenue, New York 11, N. Y., is successor to The Society for the Advancement of Management Journal, the Bulletin of the Taylor Society and of The Society of Industrial Engineers. Reentered as second-class matter, December 23, 1949, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

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U. S. and Canada Subscription rates: $8.00 per year. Foreign Subscriptions: $9. Single copies: 75 cents (members); $1.00 (nonmembers). All members receive this publication, for which $4.00 of their dues is allocated. Reprints of articles readily available in quantity, price schedule on request. An index to ADVANCED MANAGEMENT is published annually, and the contents are also indexed in Industrial Arts Index, available at Public Libraries. Notification of address changes must be given four weeks in advance. The editors will be pleased to review manuscripts submitted for publication, but will not be responsible for loss in transit, safe custody or otherwise.

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After several years of intensive preparation, the Society for Advancement of Management has announced the inauguration of a new management education program which is significantly different in concept and practice from any executive development program currently available. In the following pages, S.A.M.'s executive director explains some of the background and features of

THE S. A. M.

ADVANCED MANAGEMENT

You have heard, time and time again, the predictions of tremendous population growth for the 1960's and the enormous increase of productivity and services this expanded population and broadened spending power will require. Like most of us, however, you probably have heard relatively little about a concomitant, equally critical problem: the development of competent business leaders for these demanding, exciting years ahead.

Of course, the problem of manager development has been an important, ongoing problem since the Industrial Revolution. Today, however, as we peer ahead in a world full of incredible surprises, we cannot but conclude that professional managership, more than any other human force, will determine whether man's genius and the tides of social evolution shall make the world a happier place in which to live. More than ever before in human history we face an era of self-proliferating advances in technology, fantastic time-and-space shrinkage, instantaneous mass-communications, higher educational level, increased political sophistication and sensitivity, and greater leisure for cultural and social pursuits. These and other forces yet unseen will have sharp impact on existing principles of management and the performance-requirements of managership. In many instances the impact is certain to be seismic.

You will be pleased to know that the Society for Advancement of Management — in accord with its standing mission to foster, explore and evaluate frontier thinking in the broad field of management — established several years ago a committee of foremost representatives from large and small business and the universities to study the unique needs of managerial competence in the decade ahead and to make recommendations concerning the development of such competence. The committee's work resulted in what has become known as the S.A.M. Advanced Management Course. It involves seventeen sessions spanning thirty-four weeks. It has already had its "pilot cycles" with groups of executives in Philadelphia. The response there was so positive that plans are being made to set up pilot sessions in seven other large cities during the year. (The idea of decentralization is one of the attractive mechanical features of the course — allowing the executive to attend without having to absent himself from his job.)

Basic Assumptions of the Course

You probably will be interested in knowing, first of all, some of the basic assumptions underlying this unique course. Let me say immediately that the course does not symbolize an upheaval among the principles and practices of manager education so excellently conducted both by our universities and the American Management Association, and within the

"The minimum essential for the preservation of the American way of life is the immediate re-education of a significant portion of the key people in the major communities of the country."

—F. F. Bradshaw

By WALTER MITCHELL, JR.
Executive Director
Society for Advancement
of Management

COURSE

organization of many progressive business institutions. But its assumptions do represent a shift in focus and a degree of reorientation among traditional viewpoints in manager education.

Possibly the most basic assumption of this course, and its most fundamental sub-structure, is the assumption that tomorrow's top manager must be almost instinctively keyed to innovation. More specifically, he must appreciate the need of innovation, its proper timing and its multiplier effect, and be able to manage innovation, encourage it, inspire it and, where possible, author it.

The corollary of this assumption is the requirement that tomorrow's top manager must be able not only to deal successfully with current situations and prepare for anticipated ones; he must also be able to create situations that will redound to the benefit of his organization, his community and society at-large. He must therefore not only accept management as a continuous process of change but must also have a hand in bringing about such change in wholesome directions.

His capacity to contribute creatively to the profit-and-service ends of management science will assume certain predispositions and skills related to his personal growth in managership. One of the most vital of these will be his willingness to accept and work with the concept that management is a total pattern and not a composite of separate patterns shaped by separate skills and motivated by enclosed objectives. The term "pattern" is used here in broad connotation. It refers at once to the organization as a business entity, a social entity, an economic entity, a cultural entity, and an entity with national and international impact. And it refers to each component of the organization in terms of the dynamic configuration of the total organization. To paraphrase a Peter Drucker suggestion, it is less meaningful to consider the whole of anything as the result of its parts, than to recognize that the parts exist in contemplation of the whole. In this context, then, tomorrow's vice-president of production will not survive in the top-management league unless he is just as sales-minded as the vice-president of marketing, as human-relations minded as the vice-president of personnel, as cost-and-profit-conscious as the vice-president of finance, and as community-minded as the local head of the Red Cross.

These are a few of the basic assumptions that reflect the uniqueness of character and approach that have been structured into the S.A.M. Advanced Management Course.

Education versus Experience

Twenty-five years ago it was a generally accepted concept that one spent about the first twenty years of his life being educated, at which point he was a "finished product" and would proceed to work the remainder of his active career. Everyone admitted that human beings learned by experience and we all stoutly supported the adage that "experience is the best teacher." But this combination has not proved adequate. The need for managers has increased and will increase more rapidly than the total employment of the country. We have no less authority for this than the U.S. Bureau of Labor Statistics.

What do you look for in a top-management executive for your organization? Let's concede that, if he hurries, he can complete a good college training in twenty years. (We'll skip the graduate work for the M.B.A. degree.) You'd like to have him gain five years of solid experience doing a job such as field salesman, or engineer on the drafting board, or shop worker. Then, to make him well rounded, you'd want ten years of supervisory management experience in some marketing phase, ten years in production, ten in finance. The finished product should be less than fifty years old.

Let us concede that in the long run, experience is the best teacher, but also acknowledge that "in the long run we are all dead."

In recent years, mainly since World War II, we have come to realize that this process of accumulating experience or its equivalent can be speeded up by some short intervals of more formal education. (Of course, we have long admitted that an intelligent man can keep learning facts and techniques throughout his life. This is the basis and merit of the technical societies that hold monthly meetings,

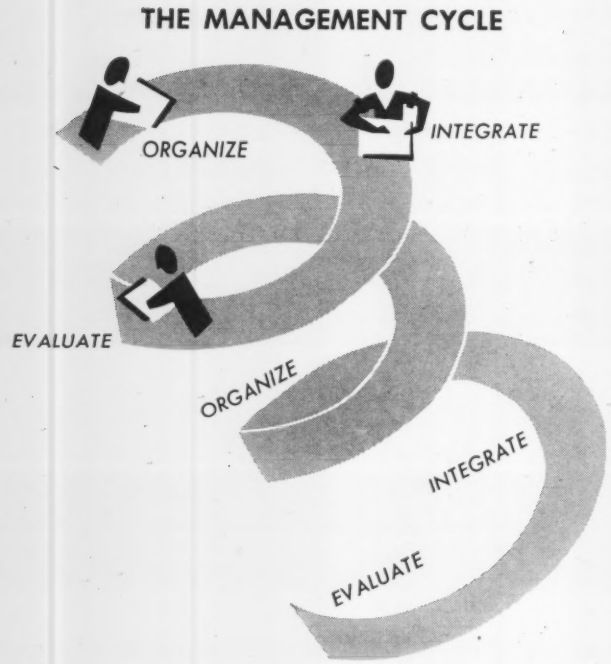

Fig. 1

seminars and conventions in such fields as accounting, salesmanship, engineering, production and personnel.) We are talking here, however, about something more subtle and more difficult: the development of management skill; *not the building of the tools of management, but how to use them.*

Let us at this point settle on some basic concepts in management, to be sure we are on the same targets of discussion. The following points may be over-simplified; nevertheless I believe they may be useful to our purposes.

The Management Cycle

First of all, we might examine what has been called the management cycle of "plan, do, measure", or "plan, execute, evaluate". It is generally pictured as a circle because evaluation is valid only as it improves the quality of planning in the future. As the organization grows larger and more complex there is, of course, less opportunity for the manager participating in doing the job; and the picture is probably better shown by the cycle described by Harold Smiddy of General Electric (Fig. 1). His cycle plan is "plan, organize, integrate and evaluate." In either case the normal pressures on a manager are in the direction of "getting the job done", rather than upon the development of mental habits and procedures for really adequate planning, and provision for measuring or evaluating results. In the opinion of some observers, the greatest value to be had from formal management development programs and seminars is a *better perspective on the plan and measure aspects* of the cycle.

Use of the Manager's Time

Looking at the same problem in a slightly different perspective, let us examine what typically happens to the working hours as a man moves from the status of an employee whose work is managed by others to the progressively complex functions involved in managing the work of others. (Fig. 2). When a man works as an hourly employee at a machine, or comes from engineering school to do a job at the drafting board, or pounds the cement as a salesman, he is judged primarily by what he can do. Of course, he is more effective if he plans his work and utilizes the guidance of his superiors.

As soon as he moves into a supervisory position, planning is a more important part of his duties and absorbs more of his time. He begins to be concerned with measuring the results of the work of others. This phase of a man's responsibilities appears to increase until, as a top-level manager, he is almost entirely concerned with planning the work of others and measuring results, rather than with the physical execution of tasks.

Attaining Perspective

Let us apply these same descriptions of management levels or responsibilities to the familiar organization pyramid. (Fig. 3). We have all seen or heard about a top executive

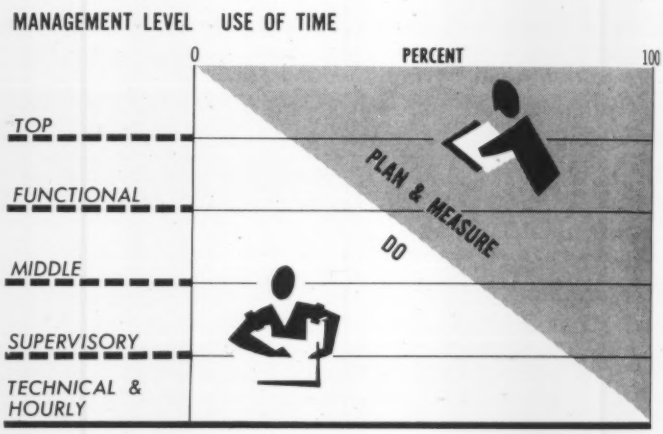

Fig. 2

who grew up through the marketing function. Moving from trainee to star salesman, district supervisor, product sales manager, vice-president for sales, he is now president. Yet he cannot resist the temptation to rush out when the fire bell rings and take charge of a difficult customer relationship, when he knows he can do better than anyone else. The production people in the organization find it difficult to get his ear and more difficult still to make him understand their problems. Similarly, we have seen the man who grew up "with blinders on" in other branches of the business. He has emerged into the management of a function where coordination with other functions is important; but he is inadequately equipped with the perspective needed to achieve that coordination.

The target area, then, of the Advanced Management Course of S.A.M. is as follows:

- Middle-management people deemed by their superior officers to be functional-management material;
- Functional managers who want to attain a broader perspective;
- Men in the lower part of the top-management triangle imbued with the same ambition.

As a production man, for example, you may have had some misgivings from time to time about those marketing people way out there in left field with big expense accounts. And it's sometimes hard to understand the thinking of a man brought up in the financial and accounting field because his approach may seem upside-down to you.

The question arises: What can be done to give a man sixty years of education and experience, yet ready him for membership in the top-management team before he is fifty years old? The rotation technique is advocated in management writings; however, can a man really absorb enough on this hit-and-run basis? Further, can he stay long enough on each such job to make a profitable contribution to the company in that assignment? The conclusion seems to be that this is a procedure which few companies can afford except for the son of the president.

Technical Training vs. Management Development

How can we develop better habits of thought, intellectual skills and breadth of perspective? What distinguishes such effort from the technical training which we all obtain first in regular schooling, later through technical and professional societies?

Technical training, I believe we would agree, is a proper packaging and summarizing of known solutions of past problems; so that each management generation can stand on the shoulders of the earlier generation in reaching toward the objectives of better operation.

In contrast, management development is the acquisition

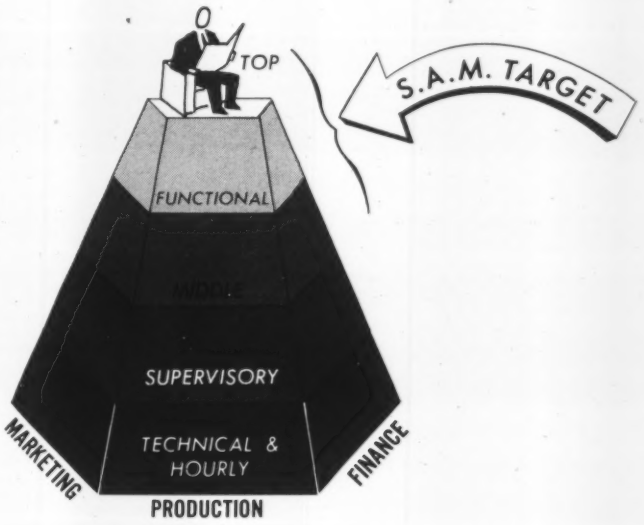

Fig. 3

of skills and strategies to attack unknown future problems (Fig. 4). Many of us can recollect a very simple example of how skill is acquired: daily practice on a musical instrument between sessions of coaching and instruction, or daily practice of the football squad between games in which skills are tried out.

Yet, it has commonly been the practice to try to develop management skills through intensive sessions away from the job — the one best place for the manager to practice new skills in order to develop confidence. This is not to say that residence-type courses sponsored by universities and other organizations have no place in manager development. It certainly is a declaration, however, that the residence course is not the only, nor necessarily the best way to do the job. We suggest that men at functional and middle-management levels may profit more from this stimulation by staying on the job.

As nearly as we can determine, seventeen sessions spread over thirty-four weeks is an optimum schedule. The course involves a very substantial amount of reading matter around which the seminar discussions take place. The schedule allows two weekends and a full week of evenings between sessions. The sessions have turned out to be extremely stimulating. They have resulted in practical efforts to apply the concepts to the planning and management problems of the companies represented around the table.

The Skills of Management

What specifically do we mean by skills in this connection? Some analysts have said there are three primary types of skills required by a manager: a) Technical: the knowledge of the business and its processes necessary to make competent decisions; b) Human Relations: the skill that enables a man to motivate others and develop their skills; and c) Conceptual: the ability to interrelate the various factors and forces generated within the business and those impinging upon it from the outside, as the basis for adequate decisions and policy.

Obviously, technical skills are most important to the man in the supervisory and middle-management levels. Human-relations skills are important at every level and in every walk of life, as we all agree. Conceptual skills come in connection with the integration and coordination phases of management, which were discussed above in connection with the "management cycle". (Fig. 5).

On this all-important phase of a manager's abilities — conceptual skill — we have concentrated the S.A.M. Advanced Management Course. There are many good ways to acquire technical and human-relations skills without leaving the job. The Society for Advancement of Management — nationally and locally — through experiment in more than seventy-five chapter laboratories, has developed a widely used kit of "tools" to help the manager develop

Fig. 4

CONTENT OF COURSE SESSIONS

The following subject areas are covered in the 17 sessions of the Foundation Course:

Session 1: Orientation

Session 2: Business operations in our changing environment

Session 3: The manager as a decision-maker in social, political, as well as economic institutions

Session 4: The essential role and crucial responsibilities and duties of the manager in America today, and their implications for manager education

Session 5: The strategy and tactics of business decision-making in America today

Session 6: The essential missions of the institutions that the business executive manages and their role and relationships within the "American Way of Life" in this present world situation

Session 7: The kind of professional leadership required for American business institutions if they are to accomplish their mission; and the consequent decision-making role imposed on managers at every level, especially the policy-making level

Session 8: The changing population trends around the U.S.A., and within this country, and the implications of these several changes for the economic structure and strategic decisions of American business leadership

Session 9: The management of the economy through coordinated leadership of the principal institutions determining its trend

Session 10: The meaning of "productivity" and its significance for business strategy and economic growth

Session 11: The nature and role of planning in the work of a professional manager

Session 12: Some theoretical considerations in the work of organizing

Session 13: The integration and effectiveness of effort

Session 14: Measuring, appraisal and evaluation as fundamental elements in the scientific foundation of professional management

Session 15: Consolidation and review

Session 16: Presentation of individual term projects, examinations

Session 17: Discussion of the transitional relationships of the course to personal, company and community challenges. Presentation of Foundation Course diplomas

Plans are being developed for successive courses which will explore these management problems in greater depth.

such skills. The development of conceptual skill requires, however, a slightly different type of perspective.

Size and Character of Group

In order to obtain these benefits of sharp focus on the problems of specific companies, and gain full participation by all members of the group, we have suggested that the minimum number of participants be ten and the maximum fifteen. Fewer than ten may result in insufficient variety of viewpoint to achieve optimum interchange and stimulation; and experience has shown that more than fifteen may result in the presence of "freeloaders" maintaining modest silence throughout the course.

It has proved also to be desirable that the participants be diversified as to industry, management function and size of company. On the other hand, the committee does not reject the idea of sponsorship by an individual company, especially where geographic location makes it inconvenient for the company's executives to attend an inter-company group. We do believe, however, that a man who takes one

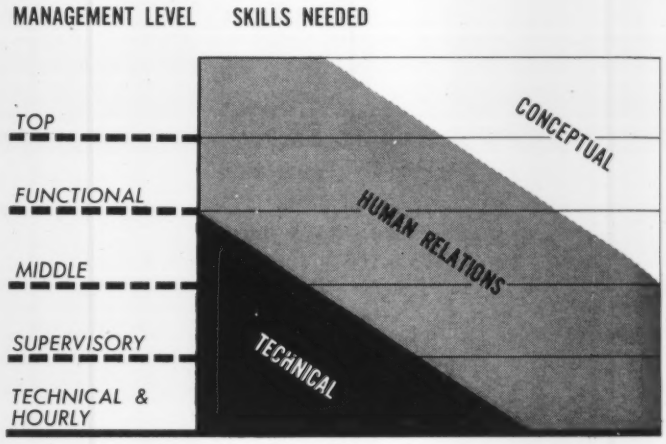

Fig. 5

cycle of this course within his company should, in the following cycle, be a member of an inter-company group. It is to his advantage to know and evaluate the viewpoints of men brought up in another environment. (Fig. 6).

The Meaning of Conceptual Skills

The importance of conceptual skill can be demonstrated in terms of a situation with which we are all familiar (Fig. 7). One American industry has lived for years in a green Garden of Eden of its own making, the result of such engineering skill and ingenuity that only three big producers survived. Our automotive industry has been world-famous for its technical skills: engineering, production, advertising, promotion, sales training and service facilities. Starting from scratch sixty years ago, a multi-billion dollar industry attracted about 13% of consumer income in 1955. It found it was obtaining an ever-increasing share of the consumer's disposable dollar. Out of the wild blue yonder came makers of appliances to run off with some of those dollars; then makers of T.V. sets, the sellers of vacations in the sunny southland and the builders of boats. These things, plus better housing, were becoming "status symbols" of family

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life, instead of the automobile. The new concept was not clear to the automotive industry although the figures were available for all to see. The industry continued to build bigger, more powerful and more expensive cars.

It was bad enough to have other people competing for the consumer's disposable dollar; but worse was yet to come. An inconsiderate German enterprise began offering the homeliest hardware in the world with a VW on the front and began to take away a substantial number of the automobile dollars. Our British cousins began to offer somewhat boxy small vehicles — but nevertheless serviceable — in addition to their traditional supply of Rolls Royce and other super-status symbols. To add insult to injury, the little people of the rising sun have begun to ship from Japan their version of the small automobile. Finally, the hammer and sickle are expected here presently as a trademark on a Russian car authorized for import.

Reverting to an earlier observation, this was a brand new type of problem. It was not one that could have been included in the usual technical training course for automobile executives. The decisions in these new circumstances involved the conceptual skill to separate facts from wishful thinking, to note the basic social and psychological changes occurring in the U.S.A. and to interpret their meaning. A few prophets crying in the wilderness — notably George Romney of American Motors — forecast the inevitable competitive result in a world where we have freely shared our engineering and production skills and could not have done otherwise.

Decentralized Production — Centralized Planning

Here in brief is the concept of the S.A.M. Advanced Management Course. It provides for decentralized sponsorship of the course by any chapter. It allows each participant to try out new management concepts in his own work as he goes along — and not until the end of six, eight or thirteen weeks away from the job.

It allows liberty for the course administrator and the participants in every group to evolve new concepts and ideas which will be fed into S.A.M. Headquarters and disseminated to all the other groups. This large number of "revision laboratories" will keep the course up-to-date. And we feel certain that it will need constant revision because the subject area is dynamic.

For business organizations, with branches or plants in many locations, this means that the managers who take the S.A.M. course, no matter at which location, will be able to gather in a company meeting or a trade association convention and begin immediately to apply their management concepts and philosophy to the specific problems of the company or the industry. They will not lose time on straightening out confusions of terminology.

"RUB-OFF"

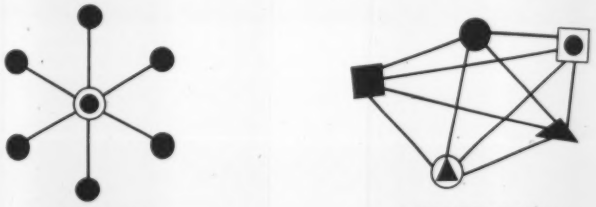


Fig. 6

LACK OF CONCEPTUAL THINKING IN THE AUTO INDUSTRY

Fig. 7

This course is further built upon the conviction that a mature manager should not be asked to spend time chasing down a list of references in a library. In many instances, adequate libraries will not be available in the locations of the course. Consequently, much time and money has been spent to obtain permission from authors and publishers to reproduce the needed selections. Every recommended item to be read as background for a coming session is supplied to the participant in one package. He can take it with him on a commuting train, on a trip for the company, or home in the evening; — a few ounces of concentrated material drawn from half a hundredweight of books.

We have planned central orientation sessions for all course administrators. They will discuss and rehearse such points as (a) how to avoid lecturing; (b) how to involve participants in the discussions; (c) how to relate the management philosophies in the readings to the problems of specific companies represented in the group. These things can best be done by bringing a group of "course administrators" together for an intensive training session.

All these features are part and parcel of the most advanced and integrated plan of manager development that — we believe — has yet been evolved. It provides breadth of perspective and practice in the skills of managing. It leaves the man on the job, leaves him free to make trips for his company, yet provides advantages he would ordinarily expect from a residence course at a large university, with a first-rate library and top-grade faculty at his command. ■

By EDWARD C. SCHLEH

THE UNFOLDING

IN A comparatively small number of years, all human enterprise has gradually changed its complexion. Since the Industrial Revolution the accelerated emphasis on technological research, both public and private, has developed a new concept of operation. It has generally demanded closer and more uniform tolerances in almost all operations. This has led naturally to greatly expanded capital requirements and basic research cost, both of which required greater volume for efficient operation.

This development has highlighted the concept of the mass market nationally and internationally, with a consequent emphasis on volume and with an internal industrial emphasis on mass production. This trend has, of course, been expedited by tremendous improvements in transportation, both time-wise and efficiency-wise, permitting a broader concept of the market. One inevitable consequence is a greater number of interrelationships both in a locality and between various communities and between nations. Another consequence is a broader and broader planning requirement, with a concomitant trend toward greater centralization of policy and procedure. There has therefore been a tendency to fit men down the line (and frequently up the line) into predetermined niches to produce uncomplainingly as small unthinking cogs in the vast organization machine. While this tends to be basically true in industry, it has also become more and more true in government, with the added complexities and scope now encompassed by governmental institutions.

As a consequence, people in almost any organization

It is basic to the desires of every individual that he wishes to feel he is a contributing member to his greatest capacity. Management must recognize and satisfy this need at the same time that it is directing individuals toward accomplishment of the objectives of the enterprise

MANAGEMENT PERSPECTIVE

tend to be stymied. There is a tendency to halt their growth or development — note the increasing emphasis on management development programs as a critical need. Further, and as a consequence of the centralization process, people often fail to realize the sense of personal satisfaction that they had unconsciously expected with the improvement in standards of living. Frequently these improvements were gained at the expense of management conflicts, labor-management conflicts, personal stresses and strains between individuals, and, in large organizations, by "internal politics." As a consequence our institutions, business and government alike, do not meet the needs of the people in their personal wants as individuals. This can have important ramifications on the productivity, interest and morale, and finally the continued position of management as an institution.

This feeling of inadequacy of our institutions becomes heightened, of course, with the increased social consciousness that tends to develop in any country as direct subsistence wants are better and better satisfied and "luxury" items become more and more obtainable for a greater percentage of the people. The cultural and personal needs of the citizens take on added import. The management of any institution, whether it be industry or government, is then expected to take a broader and broader view and satisfy these individual personal needs as they are satisfying the service and economic needs of the country.

This poses a far-reaching and ever-increasing problem

Mr. Schleh is president of Schleh Associates, Inc., a Minneapolis management consulting firm. The accompanying address was given by him before the 12th International Congress on Scientific Management, held in Sydney and Melbourne, Australia in February 1960, as the international award-winning paper on corporate management in a competition conducted by the Australian Institute of Management

"In our complex society it is rare that any result is the exclusive work of one individual. Many times the work of one man can only be measured in combination with that of several other people. In such cases upper management must design methods whereby each of the people will be personally accountable for achievement of the total result, even though each one is not completely controlling it."

for the management of the future. It will require an enlightened approach to the whole area of management aimed at heightened values for the individual. It is basic to the desires of every individual that he wishes to feel that he is a contributing member to his greatest capacity. Management must recognize and satisfy this need satisfactorily at the same time that it is directing the individual toward the objectives of the enterprise. This is a basic challenge facing management in the years to come—a challenge which has important implications for the very continuance or development (as the case may be, depending on the country) of the complex civilizations that exist today and will exist tomorrow.

Progress Via Results Management

It is my belief that substantial progress can be made in meeting this challenge by what we would call "Results Management." This approach is based on a philosophy of organizing and operating that directs and encourages the work of everyone in an enterprise, knowingly, toward specific results that are part and parcel of the total results expected of the enterprise. In effect we are saying that it would be the job of management to develop the over-all working climate so that each individual is relied on to assume responsibility for a recognized part of the total objectives of the enterprise. This, however, must be based on an understanding approach to people, their motivations, their interests and desires, rather than on an assumption of the way they "should" act.

As a starting and basic point, the job hierarchy must be organized so that it fits into this concept. Initially all jobs should be defined based on results expected of the enterprise. This is counter to the common trend in centralized management of tending to design jobs by activity. For example, the requirements that a man work at something, supervise a crew, handle a territory, research a product, prepare statements, etc., focus on activity. There is no final accomplishment stated that in itself advances the enterprise. This focus has been heightened by the emphasis on individual specialized activities suggested by the development of more and more knowledge in smaller and smaller breakdowns of professional management fields. This trend has often made it difficult to obtain sound accountability and therefore made it difficult to steer people effectively toward the over-all results of the enterprise. It is only with the emphasis on over-all results (and sub-results expected of each individual) that you can make sure that each person is pointing in the right direction and with the right emphasis. This is the first and basic step in getting people to work harmoniously together. The results expected of each one are part and parcel of the results expected of the over-all enterprise.

To make this approach effective management must operate by management objectives for every level of management. It is fundamental that everyone must know what specific accomplishment the enterprise expects of him in a specific period if he is to work most interestedly and effectively toward sound accomplishment. Unfortunately this has not been widely recognized as a primary function of management. Instead there has been a tendency to emphasize duties: organizing duties, planning duties, coordinating activities, etc. In our mind management must move away from this "duties" approach toward specific objectives in specific periods for every management person down to every employee.

As part of these objectives there must be a clear understanding that there should be a responsibility to plan ahead — to meet crises that would prevent these objectives. This is necessary to develop the feeling of personal responsibility at every level. Too frequently upper management and staff people have by their activities tacitly assumed that planning is their prerogative, with a consequent lack of development of all management people down the line. This thinking is often the reason for the lack of management initiative at lower levels that is so frequently decried by upper management.

But it must be management's obligation to minimize the areas of personal strife that may develop between individuals attempting to reach objectives. The objectives that have been defined for each job down the line must be analyzed to make sure that they are harmonious with those of all other parts of the firm. This is an important and critical function if an executive wishes to encourage people to work cooperatively together. Strong directives or admonitions to cooperate do not accomplish this effectively. This philosophy leads to other principles that must be recognized as management applies this basic results concept.

For example, it becomes patently clear that the much-revered theory of unique accountability is of questionable validity. In our complex society it is rare that any result is the exclusive work of any one individual. Many times the work of one man can only be measured in combination with that of several other people. In such cases upper management must design methods whereby each of the people will be personally accountable for the achievement of the total result even though each one is not completely controlling

it. This is a basic turn in thinking that must be made by management in the future. It becomes increasingly important with the growing interdependence of functions that is occurring in modern enterprise, particularly with the development of automation and high-speed data processing equipment.

A related problem in obtaining cooperative results is presented when management reviews the objectives that should be expected of a staff person. The common concept of staff responsibility as that of "advising", "suggesting", or "consulting with" becomes questionable. Too frequently this leads to a warped concept of activity on the part of staff — activity which they feel is necessary but which may not aid in obtaining the results expected of line. It is our belief that a new concept of staff responsibilty is needed. Specific objectives must be expected of staff as well as of line and must be harmonious with those of line. This usually means that the *same* results may be expected of both. In other words, from a results point of view staff always overlaps with line. A system of double credit or discredit for the *same* results must be developed for staff and line. This will require a different concept of accounting if sound management control is to be effected. Some such system must be developed in order to obtain harmonious staff-line relations, minimize staff frustration, and finally fully capitalize on the staff opportunities offered by new developments in technical knowledge in various staff fields. This will assume increasing importance as an enterprise becomes more mechanized, more complex, or more diverse.

Value of Accountability Curbs

In obtaining maximum but harmonious results from all members of a complex enterprise it must be recognized that there is usually an optimum value at any one time beyond which a result is of little value (often of negative value). This means that limitations or accountability curbs must be developed to actually prevent accomplishment of an objective beyond the point where it is currently valuable. For example, extreme emphasis on quality may lead to excessive waste and a single-minded drive for total sales volume per se may lead to poorly-balanced and therefore costly plant operation. Failure to recognize this principle in the actual design of each position is often a major reason for imbalance that occurs with the attendant difficulties. These difficulties have then often led to tighter policy and procedure restrictions, with a consequent withering of individual initiative and increased frustration. This problem becomes multiplied in a complex and interdependent organization.

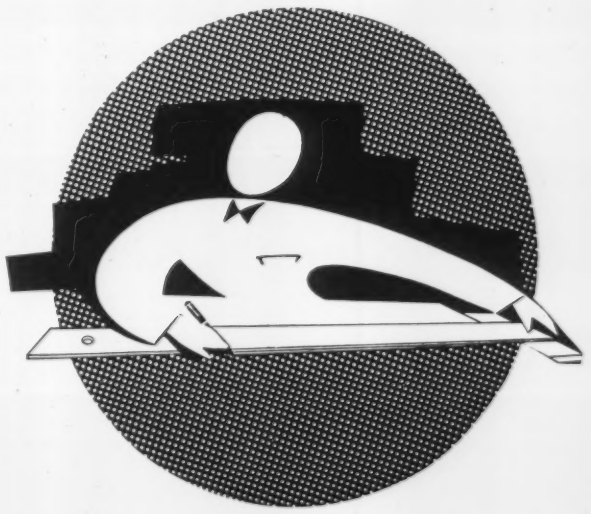
Since in a broad sense all results of an enterprise may be viewed as group results, there is often a tendency to favor group operation. This tendency has been heightened by the emphasis placed on employee participation. Increased emphasis on participation, however, has often fostered a warped concept of group effectiveness in an enterprise. Essentially *a* man accomplishes *a* result. If groups are involved, there may be as many as two or three who are still individually accomplishing a part of this result. This must be recognized so that the sense of personal accountability is retained in any type of group endeavor. An uncritical acceptance of the process of group action per se may lead a management astray into operation by groups instead of by individuals, with a consequent lack of accountability and direction.

Authority Must Be Flexible

If we are to obtain an enlightened approach to the full development of each man at every level, we must also take a broader view of authority. The traditional approaches of stating authority in general terms in a description or of stating dollar limits become of somewhat questionable value when looked at from the point of view of results. If the authority concept is to be the stimulating catalyst to unleash creative endeavor, it must mean *leeway to make errors.* As an organization becomes large and diversified, there is a danger that, in fact, errors are *not* permitted down the line and as a consequence people do not grow and develop and produce to the full of their capacity. There is a fear of trying anything new. Improvements are not only not welcomed, but instead are fiercely opposed even by management people. The status quo concept tends to reign with the consequent stagnation of creative initiative. This often occurs because authority is not developed in light of the objectives set.

How should authority be viewed? A manager should ask himself what kinds of errors would be expected were any competent man to accomplish the results expected. These errors should be allowed a man as part of normal *good* operation. This should be the concept of authority. You can readily see that authority may change from period to period depending upon the objectives that are set. In addition it would be different for a man who is new on a job—the results expected of him would ordinarily not be as great as those expected of a well-experienced man. Dollar limits are too often inadequate and too inflexible.

In our mind this understanding of authority is basic to any true concept of decentralization—an absolute necessity if management wishes to capitalize on the basic drive and ingenuity of everyone in the enterprise and allow people to grow to utilize their fullest capacities. It also underlies the



philosophy attendant on the realistic application of the exception principle. In effect it more clearly defines the exception at each level.

Compensation and Appraisal

But defining the results or objectives that are expected of each individual and then giving him leeway is not sufficient. These alone can produce chaos. Firm accountability must be developed all the way down the line, accountability for the accomplishment of sound objectives. In the past years, unfortunately, the trend has been away from sound accountability. For example, note the developments in employee and management compensation philosophy. There has been a tendency to overweigh such items as education, experience, effort, industry comparison, etc. as bases for compensation. Employee compensation philosophy must be revised so that it encompasses this principle: that all compensation should be looked at as sound incentive to get the results expected of each individual. This is necessary to force dynamic accountability throughout the operation.

This is especially true, of course, when we analyze management compensation. Pay should reflect accountability for objectives. There must be adequate incentive at every level to encourage each manager to accomplish the results expected. In the long run, pay is still viewed by most employees as a symbol of accomplishment. We have but scratched the surface in developing the various ways in which pay systems can be devised for all levels of management to provide the soundest possible basis for accountability.

Results accountability has further implications for employee appraisal plans. The tendency to rely on traits like judgment, initiative, etc., must be reviewed. We must get back again to appraisals based on the accomplishment of the objectives expected of the particular man on the job. To him this is still the soundest, the fairest, approach to appraisal, but it often requires new concepts of measurement. It requires more and more intensive planning ahead on the part of management to set effective standards in the first place so each and every management individual is reasonably clear as to the objectives expected of him. This will require almost a revolution in typical accounting systems. Charges and accounts must be set up to reflect responsibilities at each management level instead of being only adequate for final statements. It is only then that a man can be given the maximum leeway to exercise his own ingenuity, initiative and ability to devise effective ways to accomplish his objectives. It makes broader managers of men at every level. This will tend to lead away from strict procedures at every level (counter to the normal trend in any enterprise as it grows) and allow the broadest possible freedom on the part of the individual to operate in his own area.

"Records should be looked at as offshoots from objectives. Their purpose should be to tell each management man where he is deviating so that he is able to take corrective action. If this is done, it tends to make managers of all men up and down the line. It tends to make authority a reality rather than a superficial statement"

Opportunities in Records Management

With the growth and complexity of operations there has been an increased pressure toward centralization because of top management's wish to be informed. This has had a strong influence on the development of record and accounting systems and through them on all individuals down the line. There is a tendency to develop detailed over-all final reports for top management with little interpretive reporting down the line. This has had some serious consequences on the development of individuals down the line. It has often provided a restricted, narrow and one-sided approach to management by its overconcentration on cost (very often through budget systems). It has therefore frequently led to a warped appreciation of the objectives of the enterprise. This in turn has had a strong retarding influence on the development of all management people, and, in fact, on the recognition of the innate possibilities for development of each management person.

Accounting has not come to the fore as a stimulating force for creating a sound operating environment. Records must be developed according to a new concept of management control. They should be looked at as offshoots from objectives. Their purpose should be to tell each management man (at every level of the echelon) where he is deviating so that *he* is able to take corrective action. If this is done effectively, it tends to make managers of all men up and down the line. It tends to make authority a reality rather than a superficial statement.

We should point out, however, that such a management control is almost impossible without first setting the objectives we have mentioned earlier. In addition control records must be changed in every period in light of the change in objectives that have been set.

We should further point out some major differences between a typical accounting system and an invigorating management control system. Since the purpose is to stimulate all people down the line to corrective action (and we should say *early* corrective action), the records or reports must be current. The deviations must be interpreted as soon as possible after they occur. However, these interpretations need not be accurate. All that needs to be pointed out is that there

is a significant deviation. This will develop an entirely new concept in the accounting field in that such records would not require the extreme accuracy now required. In fact, it would permit estimates, in many cases crude estimates, but it would require that these estimates be made promptly and to the person under control. This is a most exciting field for financial management in that it opens up new vistas of possible contribution to the effectiveness of the enterprise that have only been dimly realized. In addition, it makes management control an effective and invigorating tool for the forward development of every management man in the institution rather than a narrow invidious instrument for showing up the human frailty of any individual down the line.

Policy As a Limitation of Authority

There is a further area that must be explored to make sure that an operation is truly effective. This is the area of policy. We must look at policies primarily as broad principles of corporate intent or philosophy allowing the maximum freedom possible at every level in meeting problems as they arise. From this point of view policies should be approached with the question: How broad can this interpretation be permitted down the line? There has been a contrary trend in many industries and in many operations—that of trying to define by policy practically every procedure down the line. This has led to inadequate setups, to a severe restriction on necessary individual decision-making and to repeated frustrations and lack of accomplishment by people throughout the operation. — In effect, policy is a limitation of authority. As such it should be as broad as possible to permit maximum exercise of judgment throughout the operation. This "intent" approach to policy will lead to fewer policies and to the real decentralization "de facto" that is needed.

Effects of Rigid Plans

The enlightened management of the future must also carefully review all specific plans that impinge on the effectiveness of people. It would be wise to review the trends in employee benefit plans such as seniority plans, insurance plans, pension plans, etc. Are these all geared toward encouraging people to the most effective results and to the greatest development of the individual? For example, pension plans with twenty-year vested rights tend to increase the feeling of impotent frustration in a fifteen-year man who feels he should change jobs but can't afford to lose his vesting. This has broader implications. It prevents fluidity of labor which might have been highly desirable, both for the sound development of the individual and for the quicker industrial development of areas with growth potential.

As another example, seniority plans may also be profitably subjected to the same kind of penetrating analysis. It should be an obligation of management to work out sound principles for the development of seniority plans so that they result in the most effective operation and at the same time provide the maximum degree of development and flexibility of the individual. Long periods of slow advancement for the man with ability tend to sour his initiative or channel it into areas counter to sound management. Enlightened union-management negotiations must secure a sound compromise between the desire for reasonable job security and the personal requirements of the individual for growth and self-expression.

"There has been a trend in many industries of trying to define by policy practically every procedure down the line. This has led to inadequate setups, to a severe restriction on necessary individual decision-making and to repeated frustrations and lack of accomplishment by people throughout the operation"

The same could be said of many other basic employee policies that have been too quickly agreed to as being normal and desirable without reflecting upon the possible consequences on the over-all objectives of the enterprise and on the development and freedom of the individual. In our mind this is a basic obligation of management to reanalyze these plans and step by step develop a more effective philosophy for their application.

Conclusion

There is a major challenge to the science of management in the years that lie ahead. In order for management to step forward and make its important contribution to society it must operate toward the growth of every individual man in the enterprise. To do this it must maintain freedom for every individual as far as possible—freedom to develop his own initiative, ingenuity and ability—and at the same time it must most effectively accomplish the objectives of the enterprise. Management must meet this challenge. It is the best possible way to obtain most effective cooperation within any enterprise. Through the development of the individual it provides broader insight in the citizenry. It cannot help but permeate the relationships between all nations and develop finally to be an all-pervading sound human relations philosophy that will permit effective peace between nations, the maximum accomplishment and personal development of citizens in every nation, and the expedited growth of the standard of living for all. This can only be done by management, but only when management has developed and applied a philosophy that reaches down and raises the effectiveness and vision of every individual being managed. ■

The Ineffective Soldier

—lessons for management and the nation

By **ELI GINZBERG**

WHEN General Eisenhower was President of Columbia University he raised the question whether the unique personnel records of World War II could not yield important new knowledge about the nation's human resources that would be of great value to business, government, education, and other key groups in our society. General Eisenhower was particularly concerned with finding the answers, if possible, to the waste of manpower that was revealed during the war when almost 2 million young Americans between the ages of 18 and 37 were found to be too poorly educated or too disturbed emotionally to be taken into the Armed Forces; and another three quarters of a million who enlisted or were drafted failed to perform effectively, with the result that they had to be discharged while hostilities were still under way.

General Eisenhower was concerned primarily not with problems of military manpower, important as these were

A few of the 18 million men who enlisted or were drafted during World War II are shown at New York's Governor's Island. Almost 3 million failed to meet basic standards for minimum acceptable performance

FOUR CRITERIA FOR MINIMUM ACCEPTABLE PERFORMANCE

Can a Man Hold a Job?

Can He Support His Family?

Does He Stay Out of Trouble?

Can He Serve in Armed Forces?

in a period of cold war, but rather with the broader subject of conservation of human resources. This was the title of the project established at Columbia University to carry out this and related research investigations.

In addition to *The Ineffective Soldier* the Project also studied and has published *The Uneducated* (1953), *The Negro Potential* (1956), *Human Resources: The Wealth of a Nation* (1958). The broad focus of the project justified seeking financial support from business. Thus, while the Federal Government, particularly the Army and the Veterans Administration, made invaluable contributions in kind, the financial support was undertaken by a limited number of large corporations, supplemented by a grant from the Ford Foundation.

Focus

This is a psychological century, at least in the United States, where parents, teachers, businessmen, the military, even the church are constantly concerned with one or another facet of the emotions and how they influence behavior. Considering our penchant for the new, this is hardly surprising for this century has witnessed a major breakthrough in the understanding of behavior as a result of the advances of psychology and psychiatry.

But there is much more to life than our emotions. This is particularly true of those facets of life that involve large numbers of people working together in large organizations to accomplish specific goals. Certainly it is important to pay attention to the feelings of people both because their feelings help to determine how they act and because their actions are, or at least should be, directed towards meeting their emotional needs. But there is another way of looking at the behavior of people in large organizations. Instead of inquiring how they feel it is possible to focus on how they perform. This, after all, is much more directly related to the success of the organization and even to the survival of the society than an appraisal of emotions and satisfactions. The focus of the study of *The Ineffective Soldier* was on performance.

We established four criteria for minimum acceptable performance in our democratic, free enterprise society.

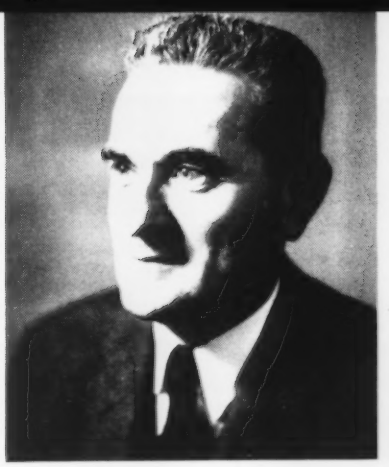
First: Is a man able to hold a job? Ours is a highly differentiated occupational structure. Men can work at vastly different levels of skill — compare the elevator operator with the Nobel Prize winning scientist. Nevertheless, every man is supposed to support himself.

Second: Can he take care of his dependents? If a man marries and has children he has the obligation to provide for them. Once again, he can do this at very different levels but he is expected to provide housing, food, clothing, and the other essentials of life for the members of his family.

Third: He is supposed to stay out of trouble with the law.

Fourth: In times of national emergency, if of appropriate age and health, a man is expected to serve in the Armed Forces. A democracy has no other way of insuring its survival.

These, then, are the four minimum criteria of acceptable performance: A man is expected to hold a job, support his



Dr. Ginzberg is director of the Conservation of Human Resources Project at Columbia University. Referring to "The Ineffective Soldier," he writes: "It is not an easy assignment to condense severely the highlights of a project on which a research group labored for eight years and the results of which were published in three sizeable volumes which together comprise almost 900 pages of text and hundreds of tables. All that I can hope to do is to sketch very briefly the background of the research, its focus, the most important findings, and the implications for business management that can be distilled."

dependents, stay out of trouble with the law, and, if needed in time of emergency, be able to serve in the Armed Forces.

But almost 3 million young men out of the 18 million — about 1 out of 6 or 7 — who were screened during World War II failed to meet these minimum requirements. The crucial question is why? Many believe that the answer was to be found in the weaknesses and the shortcomings of the men themselves — how they were brought up and educated. While we recognized that the individual's strengths and weaknesses were surely one important dimension of the study of performance it did not of itself provide a sufficiently broad framework. Provision had to be made for at least two additional aspects: organizational policy and the pressures and supports in the environment. Some men undoubtedly failed because of weakness within themselves, but many others were the victims of faulty policy or environmental stress. Even the best adjusted man will break if he is kept in combat for over 200 days with no possibility of escape other than injury or death.

From a scientific point of view one significant achievement of *The Ineffective Soldier* was to broaden the framework for the study of performance to a point where the analysis proceeded in terms of the interactions of three main sets of determinants: the individual's strengths and weaknesses; organizational policy; and the stresses and supports in the environment. Here is the reason why a purely psychological approach to the study of performance must inevitably fail.

A man's performance is determined in part by his emotions, but only in part: how he is treated by the organization — his training, type of assignment, quality of supervision, the rewards and punishments and many other plans, policies and procedures all exercise a significant influence on his performance. This is also true of the demands that are made on him and the extent to which he receives assistance in meeting them. Some men can endure much; others only a little. But how much they can cope with successfully also depends on how much more support and assistance they receive, especially in time of crisis.

Findings

Some of the research findings have very broad applicability — they provide *Lessons for the Nation;* others bear more directly on *Management*. Among the first group, we

discovered that the single most important determinant of ineffective performance was poor educational background. Men with only a few years of elementary school had a ratio of failure about five times as great as that of high school graduates.

Men from the farm had a consistently worse record of performance than the urban group. But we must quickly add that back of the poor showing of the rural population was their generally lower level of educational achievements.

The gross data revealed that the ratio of ineffectiveness among the Negroes was approximately twice that of the white group, but when Negroes and whites of similar educational background were compared, there was no difference in their performance. Thus it was not the color of a man's skin but the amount and type of schooling which he received that was the important differentiating factor.

In the study of *The Ineffective Soldier* we were fortunate to be able to splice together information about a man's performance prior to his entrance into the Army, his military performance prior to breakdown and his performance after his return to civilian life. This meant that we had data about a man's performance in each phase of his life until approximately a decade after his separation from the Army. Such longitudinal data are exceedingly rare and ordinarily their lack represents a major handicap to the social scientist.

What did our unique body of information reveal about "Patterns of Performance"? Slightly more than half of all the soldiers in the study had an *adjusted* life pattern of performance. Except for the fact that they were prematurely separated from the Army their record of performance was generally acceptable or good. About 20 percent had a *vulnerable* pattern which meant that while their record of performance in civilian life was acceptable, they could not cope with military life. Another 10 percent had a good or acceptable performance record prior to induction and up to the point of breakdown in the Army, but failed to make the grade after their return to civilian life. They were the group with a *broken* pattern. Seventeen percent of the entire group had a *poor* life performance pattern. Their record before, during, and after military service was poor.

Conclusions

Two important conclusions can be deduced from these summary findings. The life performance patterns of many men have a substantial stability — their record is more or less constantly adjusted or poor. On the other hand, a significant minority — about 1 in 3 — show an unstable pattern. Their performance is good or acceptable at one period of their lives, or in one environment, but not in another. And there is no way to tell ahead of time whether a particular man's performance will improve, decline, or remain as it has been. All that we know is that human beings have a great resiliency and this is particularly true of young people. With an exemplary record of performance back of him, Mr. Forrestal, in a period of acute depression, took his life. Despite a record of childhood almost characterized by juvenile delinquency, Althea Gibson disciplined herself to become the first Negro woman tennis champion. The only thing that is certain about people is the uncertainty of their future performance.

Implications for Business

In addition to the general findings, of which the foregoing are but illustrative, the study of *The Ineffective Soldier* presents a large amount of detailed findings that bear directly on management policy. They can be briefly described under two headings — the selection and utilization of manpower.

The first and perhaps the single most important lesson for management with respect to selection is the necessity to establish a modest objective for screening. As far as we were able to determine — and we had the advantage of working with the results of the largest selection process in the history of the world, there is no justification for management to spend a great amount of time, effort and money in seeking to refine selection procedures. There is no scientific basis for believing that refined assessments will pay off. They cannot, and primarily for a very simple reason. We have already noted that a man's performance is likely to change over time and that we have no reliable way of foretelling how it will change. This is one inherent limitation to selection.

Moreover, refined selection procedures could be justified, if at all, only if they were related to specific positions for which the requirements had been clearly delineated. But the large corporation has a great variety of different jobs at every level from controller to salesman, and success in one area presumably calls for different attributes and skills than success in another. Finally, whether a man will eventually perform satisfactorily or not in a particular position within a particular organization will depend upon a great many factors which will be assessable only over time — his response to the leadership and supervision within the organization and his response to a wide range of external opportunities and pressures. After all, in the midst of a depression men will strain to keep the job they have, any job; in a period of rapid expansion they may become dissatisfied with even good jobs because they believe that there are still better ones available.

The great mistake in its selection procedures which the Army made in World War II was to set up the specifications of the soldier as the standard against which to assess selectees. In point of fact, of the more than 10 million enlisted men who served during the war about 2 out of 3 never heard a gun fired in combat, and certainly never fired one.

Closely related to the recommendation that large organizations should establish only a gross screening procedure is the correlated finding that it is wasteful — in fact useless — to look only for the "top 10 percent," and to look for men who are free of defects. It is not sensible for recruiters from one after another large corporation to come to a college campus and tell the placement officer that they want to interview only the top 10 percent, defined either in terms of marks or some weighted arrangement of marks and other criteria of his performance in college. The recruiters are looking for men who will be able to perform successfully in a wide range of different jobs in a particular organization. But, unfortunately, as we have noted, person-

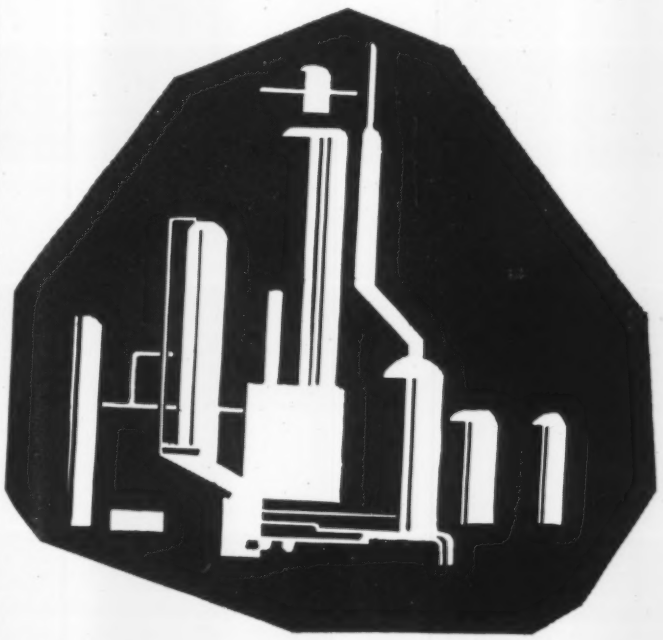
nel officers can have no knowledge of what complex of attitudes and skills will yield such satisfactory performance. To limit themselves to the best 10 percent, however defined, may create more problems than it solves — for men who are underutilized *under such criteria* are likely to become disgruntled if not ineffective; and if they do they are likely to leave.

Still another facet of faulty screening is the search for the man who is free of all significant defects. This is the procedure that the Army followed in World War II when its doctors started with an examination of the man's head and proceeded systematically to his lower extremities. If a man fell below standard in any single test — and there were 40 or more — he was rejected. Nobody asked whether on balance he was likely to perform effectively in the Army — that is, nobody but General Hershey, who was unable to get his point of view across.

Since everybody has strengths and weaknesses, an organization in its employment procedures should seek to delineate the qualities and traits most likely to result in ineffective performance. This would establish a lower cut-off point. But no profit would accrue to an organization from casting its net so wide as to take in all aspects of a man's personality. Clearly, if it undertakes to assess them all, it will find him deficient in some respects. This crucial question is one of relevance; if a defect under scrutiny is not likely to be reflected in performance, it should be ignored.

Aside from the waste of resources involved in undertaking unnecessary screening, the desirability of focusing on a limited number of relevant considerations is underlined by the fact that the pool of people from which the employer must choose is made up of less than perfect specimens. It is totally unrealistic for organizations to search for perfect specimens in a very imperfect world; and it is foolish and wasteful to do so when there is no way of justifying such standards.

Faulty standards cost business dearly in another regard, as when it continues to discriminate against various groups on irrelevant grounds of age, sex or similar factors. This is not to say that an employer's unwillingness to hire a woman or an older person is necessarily wrong but only that blanket refusals to hire, train, or promote members of large groups in the population reduces the employer's opportunity to secure the skills and potentials that would be most useful to him. Any arbitrary reduction in the sources of supply that he taps will tend to be reflected in a lowered efficiency in selection.



Importance of Proper Utilization

Of course there is more to a good personnel system than selection which, as we have pointed out, can never do more than a small part of the job. The nub of efficient use of personnel is to establish and maintain good utilization practices. Among the important aspects of utilization that *The Ineffective Soldier* illuminated were the desirability of exploiting the wide range of different positions available in a large organization; the value of providing counsel and other forms of support when employees first show signs of slipping, and the necessity of personnel policies that are highly sensitive to considerations of equity.

Very briefly a word about each. Only one soldier in 25 who failed during World War II was ever given a second chance. The difference in the work of an accountant and a salesman is such that failure in one job does not by any means preclude success in the other. The more imaginative use in the assignment of people in terms of the wide range of positions available in a large organization would lead to major gains in manpower utilization.

As suggested earlier, many men encounter crises in their lives. Whether these crises are reflected in a greater or lesser degree of ineffectiveness on the job depends in considerable measure on the availability of supportive services for people when they first get into trouble. Many potential failures can be nipped in the bud by modest help at a strategic point. All that is required is that the organization recognize the need for establishing such supportive services and then to instruct its supervisory group how to make use of them.

The importance of equity derives from the fact that in a large organization employees have no other reliable basis for personal security. Their supervisor may be relocated, as may their supervisor's supervisor. Their only guarantee of being fairly treated — and this in turn compels them to do their best for the organization — is their faith in the intrinsic fairness of the management as reflected in its policies.

These very brief references to the "Lessons for Management and the Nation" contained in *The Ineffective Soldier* are suggestive of the range of materials which the research team analyzed and the range of findings that emerged from their eight year investigation. It is hoped that this brief review will stimulate many who must continuously struggle with these difficult problems to go to the volumes themselves. It is also hoped that if they find their efforts rewarding, they will do what they can in their own corporations, jointly with other firms, and as citizens to stimulate and encourage research in the social sciences. There is much that we need to know. Research is our major source of answers. ■

Centralized control of decentralized operations—

The CONSOLIDATED FUNCTIONS *Concept*

By AL N. SEARES

THE ART of management is and always will be dynamic;—and once the art becomes static, our business and social systems rapidly deteriorate. Because management is dynamic, the organizations that employ the art will always be confronted with problems of a varying nature and complexity. We can safely assume that if our industrial system had no problems, there would be no need for management organization.

It is not my intention to minimize either the importance of the management science or to over-emphasize the problems we are confronted with today. Without serving as an apostle of gloom or fear, I freely admit the problems of our management have been drastically compounded by economic — and political factors that have a direct bearing on the operations of the free enterprise system — and its management organizations. The problems created by increasing costs, unsatisfactory sales and unproductive resources — are a major management problem. Organized demands for increased wages in face of the uncertainties in the market place intensify our tribulations. Even the prestige and the efficiency of our management has suffered as the result of unprecedented series of totalitarian successes in foreign countries.

Technological Progress Intensifies the Magnitude of the Challenge

Whether these problems are of any greater intensity than those of past generations is most doubtful. In all probability, their relative importance, compared with earlier ones, is almost the same. Also the manner in which these problems are dealt with — will, as in previous years — determine the character of our way of life for many future years.

The national and international problems that are aggravating managements' own difficulties will be solved by the combined efforts of our government, our people, and our institutions that "wake up" America. As representatives of

Mr. Seares, retired vice president of Remington Rand, is a former president of National Sales Executives—International

management, we can best serve our people and our country by dedicating our efforts to find new means of improving the functions of our various management organizations.

Considering all that has been written, spoken and even read on the subject of management, it would appear that every avenue to the solution of present day management problems has been explored. First, this is not true; second, many of what appeared to be the most promising thoroughfares were found to be blind alleys — rather than a means to improved management operations. "Operations Management" is still in search of "the better way."

You have all heard of the Chinese proverb "One picture is worth a thousand words." To paraphrase this bit of wisdom to express a fundamental principle of corrective action, we might say, *"One basic improvement* in a management process is worth a thousand modifications and refinements." Basic improvement is not impossible — but it may require the rearrangement of the conventional management organization concept. Before advancing any such proposed changes of this nature, we should review quickly and define briefly, *management,* its scope, and fundamental responsibilities, the reasons for the growth of our enterprises — and the resultant changes in the management organization.

Management Must Define an Objective Bill of Particulars

First, what is management? The number and scope of definitions are sufficiently great to make one realize the wide differences of management thinking in defining the art itself. A combination of definitions from the dictionary gives us a number of meanings: administration, coaching, commanding, conducting, controlling, directing, explaining, governing, guiding, influencing, instructing, integrating, leading, making clear, making known, restraining, showing, teaching, telling, training, supervision, logic and motivation.

Taylor defined it as simply — "knowing exactly what you want men to do, and then seeing that they do it in the best and cheapest way." As an informal statement, this is undoubtedly a classical definition.

My personal belief is that the most adequate, and possibly the most formal, is that given by E. F. L. Brecht in his contribution to the "Balance Between Centralization and Decentralization in Management Control."

Management is a social process, entailing responsibility for the effective planning and regulation of the operation of an enterprise, in fulfillment of a given purpose or task, such responsibility involving:

1) The installation and maintenance of proper procedures to insure adherence to plans; and

2) The guidance, integration and supervision of the personnel composing the enterprise and carrying out its operations.

I have often said that the relationship between the words "manage" and "men" and management is not a coincidence. Formal definitions of management simply incorporate the sociological aspects as they apply to mankind — and our social as well as industrial society, but they may all be reduced to the simple words of "manage" and "men."

Five Basic Elements of Management Responsibility Must Be Defined

Next in the scheme of fundamental definitions is the *scope* of management. Here we have a reasonable similarity of thought by students of our industrial system, and the following five elements are commonly accepted:

1) *Planning* — Establish the broad areas of operation, determine objectives, selection of key personnel, establish plan of action.

2) *Organization* — Determine "how" the resources of the enterprise will be utilized — by establishing a clearly defined organization structure. In other words, the effective integration of men, materials, machines, and money, i.e., the resources, human and physical, of the business.

3) *Coordination* — The coaching function. Directing the management team so as to bring the best return to the enterprise and those who make up the company. This is an activity often referred to as "leadership" and in recent years as "motivation."

4) *Control* — Establish standards that permit accurate and equitable measurements and analysis of progress and performance — or the lack of these factors so as to insure

progress of the enterprise. Also, according to Dr. Brecht, "recording the experience gained from the working of these plans as a guide to possible future operations."

5) *Empathy* — This represents one of the most important keys to the success of successful management organization, and I will treat with it in more detail later.

Today, virtually all top management men are confronted with the organization problem of decentralization as opposed to centralization. The "pros" and "cons" — and various ramifications and divisions of either type of organization are so vast — that they can not be defined in the time allotted to our discussion. As a disciple of decentralization and in view of its increasing acceptance by management — my comments are predicated upon the acceptance of decentralization as a basic management operation.

Decentralization and Delegation Relations Must Be Established

Decentralization in the formal sense is the *delegation of specific responsibilities* and the authority commensurate with such responsibilities to establish policies, make decisions, and direct or take action in regard to others than the central authority. Many management authorities have stressed that primarily, decentralization is "complete delegation of responsibility for profit making to the separate division of the company." This informal definition is not without merit but it is more a standard of measurement than decentralization. I personally prefer to consider decentralization as a means of increasing man's productivity, physical and/or spiritual, by permitting him to improve his lot and that of his fellow man.

The evolution of an enterprise that results in decentralization arises from many complex factors that are too numerous to itemize, but the basic management changes fall into four categories that are easily established.

1) The most simple form of a business is illustrated by the so-called "proprietor-craftsman" shop — that was so common in the 19th century.

2) With any reasonable degree of growth, the proprietor is forced to hire help and turn some of the work over to the helpers. As this increases, the proprietor finds himself operating as a manager. He gets the work done through others under his direction and observation.

3) Increased growth or product diversification eventually force the proprietor to delegate the authority for directing and observing to others. These individuals in turn *report* to the manager.

4) Some enterprises eventually attain such magnitude in diversity of operations and complexity of management skills as well as specialized functions — that decentralization by "manageable units" is the only means of keeping the operation on an efficient basis.

Inter-Division Relationships Must Be Considered

The basis on which a corporate enterprise may be decentralized can be subject to great variation. Geographic location of plants, variety of products, nature of markets, research facilities are only a few of the more common — that must be considered separately or as a group. It is almost inevitable, however, that the need for specialized knowledge and experience will bring about a common pattern that will embrace the following grouping of divisions and subdivisions:

Division	*Sub Divisions*
1. *Production*	—Planning, engineering, manufacturing
2. *Distribution*	—Market research, sales promotion, selling
3. *Finance*	—Accounting, financial, cost accounting, capital finance
4. *Personnel*	—Employment, Safety, Welfare, Training
5. *Purchasing*	—Commodity Classification
6. *Inventory Control*	—Warehousing, Material Control
7. *Legal Services*	—Taxes, Patents

One of the simplest results of decentralization is that it places authority to make decisions with the individuals — who are well versed on all facets of the operation at the point of action. On this basis alone, it should produce maximum results. However, with the delegation of such authority, there must be a well organized control procedure. The efficiency — planning and results of those to whom the responsibility has been delegated — must be appraised by a central authority — with whom responsibility for the enterprise rests.

Data Communications Assures Informed Management

This required a "two way data communications" network that reports "variance conditions" from acceptable norms, within short range, intermediate and long range operating objectives. It can be implemented by a control section that serves as a management adjunct.

In reporting the conclusions of the Round Table on Management of Expanding Enterprises, a project carried out under a grant from the McKinsey Foundation for Management Research, William H. Newman and James P. Logan devote a chapter to the important subject of "Appraising Results of Operations." One thought provoking question, "Who or what is being measured?" resulted in a collective three-way solution, namely:

1. Overall departmental performance may be appraised on a basis of return on investment.

2. Departmental performance and executive achievement over a predetermined period as measured against established standards.

3. Appraise the executive on "how" he does his work, his stature in the market place as compared with his competitor and associates, capacity for self-criticism, thinking processes, ability to deal with people, etc. To appraise on a basis of 3, it is necessary to give just weight to 1 and 2 as they serve in large part as a medium to establish the score of 3.

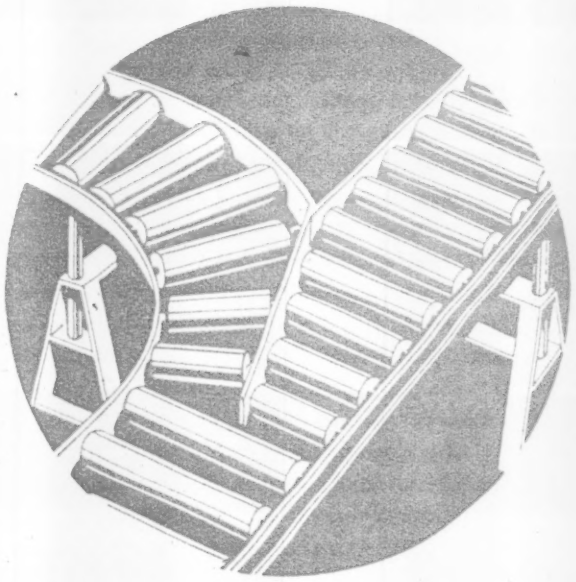
Other pertinent factors of evaluation are:

Return on investment is the most commonly accepted. Separate departments have a "profit and loss" responsibility so this is a natural standard. This concept also includes

other basic financial ratios such as earnings on sales and turnover of investments. Some authorities feel that the exclusive use of this yard-stick stifles long range planning by the local manager — and also fosters a so-called "tenure of office" interest.

A more accepted modern version of this is that of annual forecasts that are translated into budgets for each operating department. These are prepared at the department level, reviewed by an executive committee with special emphasis on business outlook, industry competition, etc. This involves a high degree of personal judgment and also provides for financial standards on earned investment.

In using either "return on investment" or the "annual forecast-budget" technique, the central authority should consider the limitations of the conventional accounting system as a yardstick of operating progress. The yearly operation covered by an accounting period — does not give proper enlightenment as to what may be expected of management planning in the next cycle. It does not show, for example, the percent of business the company is obtaining,



product acceptance, employee relations, and comparisons with competitors — which are not obtained from the orthodox accounting system.

All Progress Begins With Measurement

As a result of many hours discussion at the Round Table on Management of Expanding Enterprises, a comprehensive list of criteria was presented. To my mind, these provide the "bench marks" to project the administrative control of our operations.

1. Profitability — in both percent of sales and return on investment.
2. Marketing vigor — and competitive position.
3. Productivity — which means improving costs as well as sales.
4. Leadership in technological research.
5. Development of future people, both technical or functional and managerial.
6. Employee attitudes and relations.
7. Public attitudes.
8. Balance of long and short-range objectives.

Even with a basic understanding of such a "Bill of Particulars" for Management, no single executive can master all the skills and disciplines that a modern corporation must use. Yet management men must face up to this problem. *It must somehow assume responsibility for coordinating the work of many specialists — with divergent knowledge and interests to produce attainable results—approximating predetermined objectives.*

As previously stated, the task of management is to plan, organize, coordinate and control. The function of staff is to analyze, relate, and *report*. It is not the duty of management to master the technical methods of either line or staff. The day is now past when a senior executive should claim —let alone boast—that he can do any job that needs doing. There is a proverb that "A man who is his own lawyer has a fool for a client." By extension, the senior executive who is his own controller — his own chief engineer — his own sales manager — his own production manager and his own staff advisor on finance, production, and marketing — is a sadly confused and self-deluded jack-of-all-trades.

To fulfill present day management responsibilities, the chief executive must surround himself with able, "eyes" and "ears". Before seeing what the possibilities are in this respect, let me outline the responsibilities associated with the executive job.

It has been aptly stated many times that the executive's job is to "organize," "deputize," "supervise," and "energize." Upon the executive's shoulders rest the overall responsibility for the success of the business, and for direction and guidance of the many functions which make success possible. Even more specific, the chief executive's job may be defined as consisting of seven definite responsibilities. The first three of these,

1) To divide the total responsibility into logical assignments.
2) To select, train and develop competent people, and
3) To establish measures of accountability

can be handled by one man . . . the chief executive himself. The remaining four,

4) To determine or agree on plans or programs for attainment.
5) To guide and coordinate performance,
6) To appraise results, and
7) To take steps to correct unsatisfactory conditions

are beyond performance by an individual. They entail direction and control of each individual activity, and the coordination of all. They involve the tremendously important job of maintaining an equilibrium between the many functions of the business — from production and marketing on one hand, to such supporting activities as public relations, transportation, procurement, and legal on the other.

An Executive's Judgment Can Be No Better Than the Facts at His Command

Under the Consolidated Functions Concept — within centralized control of decentralized operations — probably the two most commonly known methods by which the chief

executive can build an organization to achieve additional "eyes" and "ears" is through the establishment of a STAFF FUNCTION, or through the creation of a CONTROL CENTER.

Based on my observations over many years — it is my considered opinion that the *Control Center* offers a far greater return to management. In order to further enhance the efficiency of this operation, I have contended — again based on personal observation — that in addition to the conventional duties performed, provision should be made to assist the chief executive in the areas of:

Operations Research
Market Research
Systems and Procedures
Long Range Planning
Budget Forecasts
Management Development
Organization Manuals.

In order to serve the enterprise best, these so-called "eyes" and "ears" of management must be free from unnecessary limitations and restrictions. They must not be beholden to anyone but top management who employ their services to implement the best overall interests of the company. To do this, management must sanction their working in a climate that permits of sufficient latitude within their respective fields to investigate — to call attention to unsatisfactory conditions, to recommend corrective action, and to council with department heads in attaining the desired objectives of management.

To my mind, none of the four types of staff organization; namely, advisory, control, coordinative or service meet the requirements of the Consolidated Center function. While each has specific advantages, all have a myriad of disadvantages. The same may be said of the "assistant to" and the so-called "specialist." The best type of organization is a consolidation of the best phases of the four. Members of the group should be selected on a basis of native intelligence, ability to communicate "up and down" and "crosswise," for example:

They could listen to a sales executive talk about field organization problems — of warehouse and sales force locations — and tell a market research man what data are required — and a mathematician what equations to set up and solve. Then they could take the mathematician's results back directly — or indirectly with the advice of the market research man to the sales manager in the language of sales management. This notion is not fanciful. In a very limited way, it is being done now — and it seems to be a practical way of breaking down the communications barriers between specialists who know their own disciplines thoroughly — but who lack acquaintance with others.

A Control Center can provide the assistance needed, can operate from an impartial overall position, and can perform the detailed analysis and coordination of work — leaving the chief executive free to concentrate on only the most important matters.

Management Nerve Center Provides Integrated Method of Operation

In determining the relationship of the Control Center to all facets of the overall company organization, and in deciding what its duties and limits of authority will be, it is possible to draw a basic line of distinction between the work of the chief executive and that of his Control Center by employing the words "how" and "what." It is the task of the chief executive to determine *what* the company shall do — to establish its objectives and goals. The Control Center is concerned with *how* the company shall do these things, as well as how effectively they are *being done*.

To further illustrate how the Control Center assists the chief executive within the scope of the Consolidated Functions Concept, I want to mention a few abbreviated examples of the responsibility resting with the Center.

First, the Control Center coordinates the development of plans and programs by tying together the forecasts and plans of each operating division. In cooperation with the finance group, for a specific case in point, it analyzes these plans in terms of the sources of, and requirements for working capital, and develops plans to obtain necessary funds. In every case, the Control Center maintains a continuing watch over each program throughout the year in order that revisions may be recommended to the chief executive where conditions have substantially changed, or where, for other reasons, a revised plan is necessary.

Secondly, the Control Center constantly reviews the organization of the company, as well as the organization plans of its various divisions and departments. It is responsible for the preparation and maintenance of the organization manual, which includes charts, limits of authority for key positions, and job specifications covering the duties, responsibilities, and relationships of each key position.

Third, in order to exercise intelligent direction of the business, the chief executive must provide some means of being informed of the results — which are being experienced and the special problems encountered. General practice has been the preparation of operating reports and financial statements for management review. But to facilitate a quick, adequate appraisal of over-all company operations, it is the responsibility of the Control Center to analyze and condense these reports and statements — in order to obviate the need for the chief executive to wade through endless reams of detailed paperwork.

In doing this, the impartial and objective viewpoint of the Control Center is of particular value because it can detect — faults in the basic reports which may be due to a conscious or unconscious influence on the part of the operating units.

The fourth example I want to present is the role of the

Control Center in correcting unsatisfactory conditions. The actual correction of such conditions must be accomplished by the chief executive; but he can be assisted immeasurably by the Control Center in the location and analysis of trouble areas.

One final and very important example of how the control function fits into the organization of Consolidated Functions is its role as a "trouble shooting" body for the chief executive. In this capacity, the Control Center is assignable by the executive to any problems that develop. Subject only to the demands of the chief executive, the Control Center is available to any division or department for assistance in management problems.

Off Target Conditions Reported to Top Management

Moreover, the Control Center keeps constant watch over the company's activities in order to detect instances of difference, dissention, lack of cooperation, and jurisdictional dispute. It serves in the capacity of arbitrator and mediator in many such matters, thereby relieving the chief executive of many problems which may be petty, but which would otherwise constitute demands on his time and patience.

These are just a few pertinent contributions that the Control Center can make. Whether assigned to a Control Center or some other subordinate body — the functions of programming, planning, coordinating, reporting, and analyzing — are management tools — which add greatly to the successful direction of a business. Experience has shown that when these functions are assigned as secondary duties to a unit or individual having additional responsibilities, they are either performed with less effectiveness, or not at all.

Therefore, I believe that the Control Center as a management support activity — is a *prime consideration* in the organization of modern decentralized management.

It is admitted that the success of this Consolidated Function Concept of control is predicated upon the utilization of high quality personnel. They must be versed in many skills and techniques. Personally — and I wish to emphasize the fact it is a personal belief — I think the most important qualification they must bring to the job is one given far too little consideration by management — namely EMPATHY.

With All Thy Getting — Get Understanding (Proverbs)

Maybe you haven't heard EMPATHY expressed in terms of a responsibility or duty of the modern administrator — but to me, it is one of utmost importance — and possibly a measure of a GOOD administrator against an AVERAGE one.

According to the dictionary, EMPATHY means "the imaginative projection of one's own consciousness into another being." The ability of the manager, or assistant to place himself figuratively "in the shoes" of a superior or subordinate, and to think in terms of "What would I do if I were in his position?" can be an invaluable ally — in coordinating and controlling at the various levels of supervision. We are all more tolerant and respectful of a person, no matter what his position may be — when we are assured that he realizes and understands what our problems are — and that he is anxious to be of assistance in their solution. Much is said about the functions and scope of management and many references are made to human relations in industry but until management understands the meaning and application of EMPATHY, "human relations" is a rather empty phrase.

The advent of Operations Research will bring even greater responsibilities to Centralized Control. Business men of today are watching the development of this new approach to scientific management. The purpose of this new tool is to enlarge the span of executive comprehension — by applying a scientific approach to the analysis and solution of business problems. The group is composed of persons, skilled in the sciences — particularly mathematics — who function not as individuals, but as a "team" to achieve the desired results.

Operations Research Assists in Long Range Planning

Operations Research — a most important advance in the field of management — greatly enhances the advantages of the Consolidated Functions Concept, and has served to create advanced management thinking and action. A case in point is Business Simulation.

Business Simulation is an outgrowth of so-called War Games where military commanders were taught to assess quickly the alternative chances of action — and made aware of the results and consequences of their decisions. Applied to the dynamic factors and inter-relationships common to business situations, simulation becomes an effective management tool.

These simulations are usually run with participants divided into teams, with each team attempting to optimize performance. This is a dynamic, impressive method of showing how decisions, intelligently made through careful planning, can produce maximum profits. This is the new horizon in the Consolidated Functions Control Concept.

Until a few years ago, the calculus of probability was an intellectual exercise for professional mathematicians — and linear and quadratic programming — and other analytical techniques outside the orbit of statistics, were just words.

Now, both advanced statistical analysis and Operations Research are practical control tools of great usefulness in centralized and decentralized large scale operations. This transformation has come about because of the speed and versatility of electronic data processing equipment — making it possible to run a large quantity of data through complex data reduction processes to obtain measurements, estimates, and predictions. In both the areas of research, and in management control, the use of electronic data automation systems can be as important a part of the manage-

ment organization — at the executive, the staff, or the Control Center.

All phases of business that can be described in terms can now be studies through the use of appropriate models — based on logical and economic assumptions — and data from experience. Thus, management on the basis of measurement, which is the beginning of progress — becomes possible.

Data Automation Systems Facilitate Pinpointed Fact-Power

The human element in administrative control is not eliminated by the use of electronic data automation systems. Management must communicate its authentic needs and requirements to the system — and the reduced data must be fed back in language that management can quickly understand and act upon. When this is done, the reporting function of the controlling body, and the analyzing function, becomes no more than a routine analysis of the thousands of calculations — and summarizations provided by data automation systems.

To me, this means that the controlling body must become more and more coordinators of specialists — mathematicians, statisticians, market research men, quality control men, engineers, cost accountants, and all the rest. This is the job that must be directed by the Control Center. We must provide clear communications channels and free flow of relevant data — and we must above all — acquaint ourselves with the limitations of our specialists as well as with their general skills.

Possibilities of Chain Reaction in Consolidated Functions Concept

On a basis of the old adage — "nothing happens until somebody sells something" — a complete chain of progressive operations will be initiated with the entry of a sales order.

Once the sale is consummated and reduced to a sales order, the possibilities of the Consolidated Function Concept to integrate and streamline and automate operations are enormous. The writing of the sales order is the act that sets a host of records in operation to trigger decisions and impel actions. It immediately disburses or reserves inventory, and the inventory control records come into play. The inventory reduction signals necessary action by production planning and production control, where other records provide the basis for actions. Materials are used, and so purchasing records are activated as orders are released to vendors. Branching along another line, quality control, labor, cost accounting and maintenance records are called on for action — facts and decision — facts necessary to intelligently integrate the control of manufacturing operations. And in the controller's department, along with cost accounting records the accounts receivable, accounts payable, payroll, and many other records all reflect the various events that are touched off by the writing of the sales order. Indeed, every record of the business almost exists to show some aspect of action that starts internally with the sales order and externally with a salesman making a well timed and well directed call on a prospect who is ready, able, and willing to avail himself of a preferred user-benefit. This is being expressed as "one shot" — automated data processing system — carrying all the relevant data forward, to the preparation of the combined, corporate statement.

To summarize: we are dealing with a relatively new problem in this matter of the Consolidated Functions Concept. The problem, as I see it, can and will be solved by intelligent use of available tools. The problem can be broken down into one of reconciling the needs of communications and feedbacks to the requirements of manageable spans of control. Along with these factors, we have a growing population and a political disposition to keep increasing the money supply, so to insure full employment and increasing prices — regardless of the fate of people on fixed incomes.

However, in the existence of the tested methods of organization into line and staff coordinated by senior management and with the availability of electronic data processing equipment, we can confidently look forward to more effective ways of controlling large scale operations regardless of the form or organization and the degree of decentralization.

Considering this as a progress report — I would be remiss if I did not emphasize that this is only the beginning of new challenges in the field of management sciences.

Creative-Forward Thinking is Surely the Order of the Day

I want to conclude by reading you the introduction of Dr. Herb True (Assistant Dean of Marketing at Notre Dame University) in his dissertation on "Creativity."

> "Nothing is done. Everything in the world remains to be done, or done over. The greatest picture isn't painted. The ideal labor contract is yet unwritten. A windproof match, an air-tight bottle cap, a lifetime lead pencil are all yet to be conceived. The best way to train salesmen, an easy way to keep slim, a better way to pin diapers, anything to prevent baldness — all of these problems are unsolved.
>
> "No one product has ever been manufactured, distributed, advertised or sold as efficiently as it should be and some day must be. There isn't in all the world a perfectly managed government, business, school or church. Physics, mathematics and chemistry are still being revised. Psychology, sociology, economics await a Darwin. Nothing is an exact science. Communication techniques, semantics, cybernetics, these are relatively new disciplines.
>
> "Nothing is known, positively and completely. Nothing is done finally and right. Everything changes. So the world waits and then moves forward in surges as here a man and there a woman makes a fresh and daring discovery or proposes some bold new idea. And most, if not all of these contributions to social and scientific progress come from creative individuals who have the courage and strength to challenge and break the bonds of conventional, routine, average, safe, conscious thinking. We ALL need creative rearmament.
>
> "America's greatest, most desperate need is for increased creative thinking of everyone in business, government, in education — EVERYONE!"

In summary — The future belongs to those that prepare for it — and certainly, the Consolidated Functions Concept provides the added "management factor" to assure the future success of any growing business. ■

S.A.M. News and Notes:

Advanced Management Course To Begin Operations in Fall

THE NATIONAL Board of Directors of the Society for Advancement of Management has announced the inauguration of the S.A.M. Advanced Management Course, a high-level decentralized manager development program designed to improve the conceptual skills of American management.

According to S.A.M. National President Dause L. Bibby, the course will be given on a limited basis at selected locations throughout the U.S. beginning in September 1960. Two "pilot courses" have already been conducted with the cooperation of the S.A.M. Philadelphia Chapter with highly encouraging results, Bibby said.

The Advanced Management Course has been written and assembled by Dr. F. F. Bradshaw, based on materials and experience available to him in his roles as educator and management consultant. Dr. Bradshaw, a former national president of S.A.M., has been a consultant to General Electric Corp. and a member of the faculty at GE's Crotonville, N. Y. Institute for the past four years, as well as consultant to I.B.M., Shell Oil, American Cyanamid and other major companies.

In 1957, the officers of S.A.M. authorized a detailed study of executive development trends under the direction of Mr. Bibby, who was then chairman of the Society's National Education Committee. Two important considerations became immediately apparent. First, of the many executive development programs already established, relatively few were designed to enhance the conceptual skills of management so essential to the decision-making process — and these often were available only to those who are able to leave their jobs for an extended period in order to participate. Second, S.A.M. is unique in having a built-in "grass roots" approach to the problem through senior chapters located in major cities across the country.

Putting these two factors together, it was realized that an important "break-through" in management education could be achieved by making available a high-level course on a *decentralized basis.*

The purpose of the course, Bibby stated, is to increase the profitability and "life expectancy" of a company through improvements in the managerial behavior and administrative practices of those who participate.

With regard to the method of operation, he said that S.A.M. National Headquarters will provide administrative control, supervision, and every possible assistance to the local chapters, which will have the operating responsibilities of initiating, promoting and conducting the programs.

The seventeen-session course will meet every alternate week for approximately eight months. Each session is about four hours in length and is in a convenient location where required facilities are available, such as a university, club, hotel or plant. It can be conducted either as a multiple-company course or as an in-company course.

Further details about the new S.A.M. Advanced Management Course are contained in a 16-page booklet available without cost from the S.A.M. National Office, 74 Fifth Avenue, New York 11.

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Professional Manager Award:

The Indianapolis Chapter of S.A.M. recently presented its Professional Manager Citation to Mr. Guido Schloot, president of Diamond Chain Co., a subsidiary of American Steel Foundries. Shown at right is Mr. Owen Paul, chairman of the Indianapolis Chapter Board of Directors, who presented the citation on behalf of the members.

S.A.M.

Modern Management

TREATISES

Scientific Management of Marketing Operations by Al N. Seares

In this book, Al N. Seares demonstrates that scientific management of the marketing function (a function rooted primarily in the inexact social sciences) is necessary, profitable and feasible; that it can be carried out, under trained leadership, as an aid rather than a detriment to creativity.

•

Financial Approach to Industrial Operations by Alvin Brown

Although problems of financial management are the immediate responsibility of financial executives, the author of this treatise points out that these problems are nevertheless the concern of everyone in a business organization. He shows how the function of financial analysis may facilitate the solution of managerial problems generally.

•

Cost Control Through Electronic Data Processing by Phil Carroll

Today, management at every level can obtain facts from an integrated data communications network that can report rapidly on the basic operation of every department of an organization. In this book, "Mr. Cost Control" sets forth some of the bench marks that must be considered to materialize the inter-relationship of measurable data which contribute to sound management decisions.

•

The "Results" Approach to Organization by Edward C. Schleh

The "other side" of some commonly accepted viewpoints on management authority and responsibility are sought out in this book. In accenting accountability for results rather than exercise of activities, Mr. Schleh examines "line vs. staff", considers the problem of work improvement at all levels on the basis of "balanced" and "blended" effort, and proposes a principle of "results optimity" in reference to over-success of one activity at the expense of others in the total enterprise.

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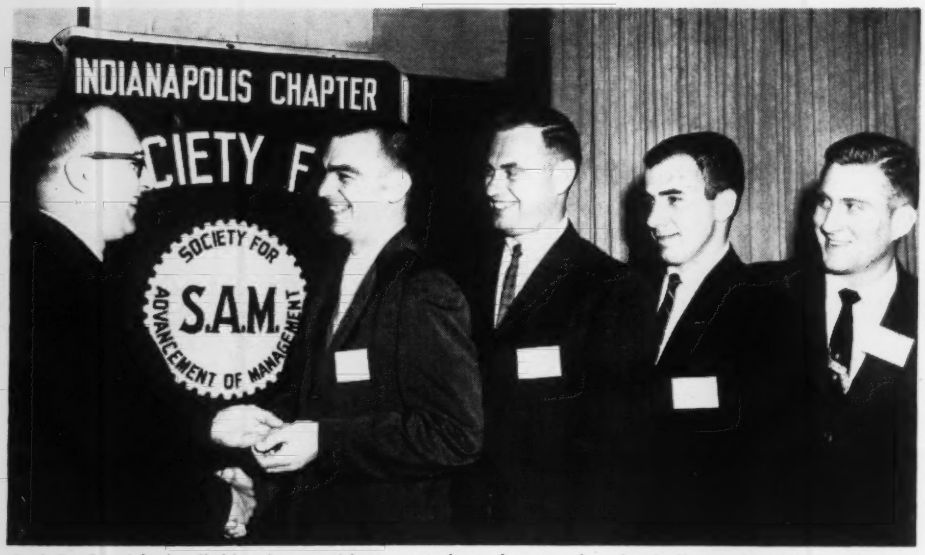

Carl B. Genrich Jr. (left), vice president — student chapters for the Indianapolis S.A.M. Chapter, presents S.A.M. Key awards to outstanding members of local university chapters: (L-r) Robert Luker, president, Butler University; Anthony Heptig, vice president—membership, Indiana University; Thomas Ensch, president, Marian College; and Ivan Nading, president, Indiana Central. E. Douglas Parsons, president of Purdue University Chapter, also received award but was absent when picture was taken.

University Division News: 1000 New Members

By HAROLD FISCHER, President

THE University Division continued to move forward during the past academic year to new levels of achievement with 25 new chapters and with an increase of over

Shown at the recent charter presentation at Fairfield University in Stamford, Conn. are (left) Joseph F. Charlow, chapter president, and Alfred E. Richards, who represented the members of the Bridgeport, Conn., Senior Chapter.

1000 members. 175 chapters, through their varied meetings, seminars, conferences, factory trips, research and community projects, and close relationships with business executives and senior chapters of the Society, made a significant contribution to the preparation of over 11,500 young men and women for business.

Indianapolis Awards

We salute the Indianapolis Chapter and their plan of recognizing both chapter and individual effort and performance through the presentation of S.A.M. Key awards to the outstanding member of each of the student chapters under their sponsorship, along with the E. R. Ruark Plaque for outstanding chapter performance. The Butler University Chapter won the plaque for the second consecutive year. Congratulations to the winners on their well deserved recognition.

Carl B. Genrich, Vice President—University Chapters, James E. Hoover, president, and their associates in the Indianapolis Chapter are ever on the alert to advance management education in the State of Indiana through the University chapters.

Providence Chapter Cited

We pay tribute to the Providence Senior Chapter for their fine support of the University of Rhode Island chapter. Frank Kuba, president of the student chapter expressed it in the following words:

"The success of our program can be attributed to a great degree to the tremendous support that we have had from the Providence Chapter. They have been a source of advice and assistance in setting up and presenting our program. An open invitation has been extended to us to participate in all their activities. They are also underwriting our scholarship ($200). From a personal point of view, I have found meeting with and working with the members of the Senior Chapter a most rewarding experience, and I look forward to becoming a part of this fine organization in June."

This interest and cooperation of our Senior professional chapters is heartening and fully appreciated. The future is indeed bright!

University Chapter Members Devise Vote - Counting Plan For D.C. Primary Election

SOME practical experience in the related fields of management and government was gained by members of the University of Maryland S.A.M. Chapter during the May 3 District of Columbia primary election.

Two months before the election, D.C. election officials asked the students to work out an efficient vote-counting system for use on primary night in the D.C. Armory, where election workers were faced with the task of tabulating the complicated ballots swiftly and accurately.

The S.A.M. members began by estimating in advance the actions of the more than 300 vote-counters, even calculating how long the average worker would spend smoking cigarettes and drinking coffee. As the votes poured in on election night, workers rushed the ballots to tables where the first counting stage took place. Ultimately, according to the students' plan, the totals of each ballot box were reduced to one tally sheet. This was then given to tabulators who, after a spin of the adding machine, announced the decision.

Noting the complicated nature of the D.C. ballots, Richard M. Scammon, director of elections research for the Governmental Affairs Institute, called the tabulating operation "very efficient", and said the election was probably the most economically operated one in the nation. The S.A.M. members were under the general direction of Prof. Wilmer Watrous.

These 15 members of the Louisiana State University Chapter of S.A.M. were recent guests on a TV show run by their faculty advisor, Dr. Leon C. Megginson, on WAFB-TV in Baton Rouge. Professor Megginson's show, called "Dollar Daze", is aired each week as a public service to inform the average consumer about the value and spending of his dollar. Following Prof. Megginson's talk, viewers watched the S.A.M. members ask him various questions concerning family income and other matters.